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Message Text

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45
ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 EB-03 PM-03 NSC-05 NSCE-00 INR-05

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TO SECSTATE WASHDC 1944

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LIMDIS

E.O. 11652: N/A
TAGS: EAID, NP
SUBJECT: REQUEST FOR U.S. ASSISTANCE IN AVIATION SECTOR

1. DURING DISCUSSION JUNE 5 WITH CHARGE AND ECON OFFICER, FOREIGN MINISTER ARYAL SAID THAT HE HAD BEEN ASKED BY THE PRIME MINISTER TO INQUIRE CONFIDENTIALLY WHETHER US WOULD BE ABLE TO HELP NEPAL IN TWO AREAS. FIRST, ARYAL ASKED IF THE US COULD ASSIT NEPAL IN CONSTRUCTION OF A LANDING FIELD SOMEWHERE IN THE TERAI, SUCH AS SIMRA, WHICH WOULD BE ABLE TO HANDLE 747 CARGO PLANES. AIRCRAFT WOULD BE USED, ARYAL EXPLAINED, TO CARRY CARGO TO NEPAL FROM POINTS SUCH AS BANGKOK AND SRI LANKA. SECOND, ARYAL SAID THAT FOLLOWING RECENT EVENTS IN SOUTHEAST ASIA, P.M. WONDERED IF THERE MIGHT BE AIRCRAFT SURPLUS TO USG NEEDS THAT GON COULD ACQUIRE, HE SAID THAT NEPAL WAS SPECIFICALLY INTERESTED IN CARGO AIRCRAFT.

2. WITH REGARD TO ASSISTANCE FOR CONSTRUCTION OF THE AIR-FIELD, CHARGE REPLIED THAT HE FRANKLY THOUGHT THERE WAS LITTLE CHANCE THE US WOULD AGREE TO UNDERTAKE SUCH A PROJECT. CHARGE EXPLAINED THAT USG HAD ASSISTED NEPAL PREVIOUSLY IN THE AVIATION SECTOR, BUT THAT CONSTRUCTION OF AIRFIELDS WAS NOT PRESENTLY CONSONANT WITH AID GUIDELINES FOR NEW PROJECTS. CHARGE ADDED THAT ANY PROJECT OF THIS
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KIND WOULD ALSO RAISE DIFFICULT COST/BENEFIT QUESTIONS WHICH

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MIGHT WELL PRECLUDE INVOLVEMENT. HOWEVER, IN VIEW OF PRIME MINISTER'S INTEREST, CHARGE SAID THAT HE WOULD OF COURSE, PASS REQUEST ON TO WASHINGTON.

3. ON SUBJECT OF SURPLUS AIRCRAFT, WE SAID THAT WE DID NOT KNOW IF ANY SUCH AIRCRAFT WERE AVAILABLE, BUT THAT WE WOULD QUERY WASHINGTON. IN ANY EVENT, WE NOTED THAT PROCEDURE FOR OBTAINING SURPLUS MILITARY EQUIPMENT WAS A LENGTHY ONE, WITH REQUIREMENT THAT EQUIPMENT FIRST BE OFFERED TO ALL POTENTIAL US GOVERNMENT USERS.

4. COMMENT: WE FIND PRIME MINISTER'S REQUEST ASTONISHING GIVEN EXTENSIVE EFFORTS WE HAVE MADE TO FOCUS GON ATTENTION ON AREAS OF PRIORITY ECONOMIC IMPORTANCE. IT REFLECTS, HOWEVER, GON'S OVERWHELMING PREOCCUPATION WITH ITS DEPENDENCE ON INDIA TO THE EXTENT THAT PRIME MINISTER WOULD GRASP AT EVEN SUCH AS EPHEMERAL STRAW AS DEVELOPMENT OF INDEPENDENT AIR FREIGHT CAPABILITY. THE ECONOMIC RATIONALE BEHIND THESE REQUESTS IS EXTREMELY FRAGILE AND WE SHOULD NOT LEAVE GON IN ANY DOUBT ABOUT OUR RELUCTANCE TO INVOLVE OURSELVES. ALTHOUGH WE HAVE CONTRIBUTED TO AIRFIELD CONSTRUCTION IN THE PAST, WE SEE NO REASON AT THIS TIME TO ASSIST GON IN CONSTRUCTION OF MAJOR INTERNATIONAL RUNWAY IN THE TERAI. WE ARE EQUALLY UNENTHUSIASTIC ABOUT PROVISION OF CARGO AIRCRAFT. WE ASSUME THAT GON IS INTERESTED IN EITHER CREDIT OR BARGAIN PRICES FOR PURCHASE OF AIRCRAFT. GIVEN NATURE OF NEPALESE FOREIGN TRADE WITH BULK COMMODITIES REPRESENTING MAJOR PORTION OF BOTH IMPORTS AND EXPORTS, IT IS DOUBTFUL THAT CARGO AIRCRAFT CAN BE PROFITABLY UTILIZED EVEN IF OBTAINED AT CONCESSIONARY RATES. HOWEVER, SINCE INITIATIVE HAS COME FROM THE PRIME MINISTER WE WILL NEED RESPONSE FROM DEPARTMENT TO

BE CONVEYED TO HIM THROUGH FOREIGN MINISTER. WE WOULD THEREFORE APPRECIATE DEPARTMENT'S ASCERTAINING IF SURPLUS CARGO AIRCRAFT ARE AVAILABLE AND ON WHAT TERMS, ASSWELL AS ANY OTHER GUIDANCE WHICH DEPARTMENT MAY WISH US TO USE WITH GON. QUAINTON

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